

DESCRIPTION OF CAPITAL IMPROVEMENT PROGRAM

FISCAL YEARS 2003 - 2007

The Capital Improvement Program (CIP) contains the budgeted and proposed capital improvements by project description, proposed funding source, and scheduled costs. The CIP is a planning and financial tool for the City to prepare for future needs. The City's CIP is in two parts. The first part covers the proposed capital improvements in the General Fund. The second covers those improvements in the Water and Sewer Fund. A brief narrative is provided for each proposed project. Following the narratives, a detailed CIP schedule for each fund is presented.

General Fund CIP

The following projects have been proposed over the next five years in the General Fund. Funding has been provided for the FY2002-03 projects in the budget.

City Office Building: Future plans include roof repairs, exterior cleaning and weatherproofing, construction of a parking lot addition, and complete installation of a building-wide sprinkler system.

Impact on Operations: *There will be no impact on operations.*

Police Headquarters: Improvements have been proposed as the result of a facilities assessment that include the renovation of the second floor, installation of a new roof, exterior and interior wall repairs, new carpet and paint.

Impact on Operations: *There will be no impact on operations. There may be an impact on debt service costs if the City decides to finance the construction costs. The estimated debt service for the improvements would be \$137,000 annually.*

The Plaza: Future improvements include HVAC Replacement, up-dating the paint and carpeting throughout, and a structured replacement of appliances in the apartments.

Impact on Operations: *There will be no impact on operations.*

HVAC Repairs to Various Facilities: The City is continuing repair and replacement of outdated HVAC systems.

Impact on Operations: *There will be no impact on operations.*

Fire Department: Future improvements include paving a parking lot, window replacement, roof replacement, and construction of a drafting pit at Station 51. At Station 52 future improvements include the repaving of the station's front apron, roof replacement, and window replacement. Improvements at Station 53 include remodeling the bathroom and replacing its concrete drive. It is also anticipated that a new fire station will be constructed in FY07. This station is needed to protect the growth around the Salisbury Mall/Highway 70 area.

Impact on Operations: *The greatest impact of the CIP on General Fund operations will be in the construction and staffing of the new fire station. Currently, the estimated additional personnel, operations and debt service costs will be approximately \$826,000 annually. There will be no impact on operations for the other improvements.*

Public Services – Street Division – Equipment/Materials Storage/Office and Parking Addition: The City has an old landfill that is used for storage of materials such as compost, dirt, road salt, and sand. Storage facilities are needed to keep these materials dry and allow for continuation of work projects regardless of weather conditions. Additionally, future improvements include an addition to the office, employee parking, and enclosing an equipment bay.

Impact on Operations: *There will be no impact on operations.*

Public Services – Cemeteries: The wall around Old Lutheran Cemetery will be replaced and the Chestnut Hill Cemetery parking lot will be resurfaced. Future improvements include a wrought iron fence around Chestnut Hill.

Impact on Operations: *There will be no impact on operations.*

Public Services – Hurley Park: Implement various improvements to the Park including a new deck at the pond and new benches.

Impact on Operations: *There will be no impact on operations.*

Public Services-Fleet Management Facility: Due to the growth in the City's fleet and the size of certain vehicles, the Fleet building will require an addition and equipping.

Impact on Operations: *There will be no impact on operations, but may impact debt service as debt is issued to finance the addition.*

Parks and Recreation – Various Park Improvements: Funding is recommended to continue improving the state of the parks and replace old and worn equipment and facilities.

Impact on Operations: *There will be no impact on operations. A constant amount of funding is appropriated annually to improve and renovate park equipment and facilities.*

Sports Complex Renovation: As this facility ages, future renovations will be required to repair the fields and buildings. The fields need to be properly graded to promote adequate drainage, then re-seeded.

Impact on Operations: *There will be no impact on operations*

Town Creek Park Development: The Town Creek Park would be developed to include multipurpose fields, walking trails, and basketball courts. Future costs associated with Town Creek include the construction of a gymnasium, replacement of the existing pool, and development of greenspace.

Impact on Operations: *Will increase debt service approximately \$183,000 annually and require additional annual operational expenditures of \$50,000.*

Parks and Recreation – Bankshot Basketball: Future plans include installing a new bankshot basketball court.

Impact on Operations: *There will be no impact on operations.*

Parks and Recreation – Park Land Acquisition: Future plans include acquiring new land for parks.

Impact on Operations: *There will be no impact on operations.*

Impact on Operations in General Fund – *Most capital improvements will not have a major impact on the operating costs of the General Fund except for the staffing and operations of a new fire station. A constant amount of funding is set aside in the General Fund Budget for improvements to upgrade aging and inadequate offices and buildings.*

Water and Sewer Fund CIP

With the issuance of \$20,505,000 Combined Enterprise System Revenue Bonds on April 16, 2002 together with agreements with Rowan County for \$7,800,000 and Rowan County Power, LLC for \$7,500,000, the City has funded a majority of the major capital projects for the next couple years. Funds raised from this bond offering and funding agreements will provide funds for water line extensions and replacements, increased capacity of the water plant, new raw water lines, and other projects.

The Water and Sewer Fund's CIP is divided into water projects and sewer projects. The following water projects have been proposed over the next five years. Funding has been provided for the FY2002-03 projects in the budget.

Annexation Area: Future annexation plans will, if approved, necessitate the extension of both water and wastewater lines.

Water Line Repair and Replacement: Each year, the City budgets funds to repair and replace our aging water distribution system. Actual projects are identified and prioritized annually.

Water Line Extensions: Each year the City budgets funds to extend water lines in accordance with the Water/Sewer Extension Policy. Actual projects are identified and prioritized annually.

Raw Water Intake: Our existing raw water intake facility is located on the Yakin River. It currently has the capability to withdraw 18 million gallons daily (MGD). With the expansion of the capacity of the Water Treatment Plant to 24 MGD, a new raw water intake will need to be built.

Raw Water Pump Station: The existing raw water pump station has the capacity to pump 18 MGD of water from the raw water intake facility. With the expansion of the capacity of the Water Treatment Plant to 24 MGD and the construction of a new raw water intake facility, a new raw water pump station will need to be built.

The following sewer projects have been proposed over the next five years.

Sewer Line Repair and Replacement: Each year, the City budgets funds to repair and replace our aging sewer collection system. Actual projects are identified and prioritized annually.

Sewer Line Extensions: Each year, the City budgets funds to extend sewer lines in accordance with the Water/Sewer Extension Policy. Actual projects are identified and prioritized annually.

Grant Creek and Town Creek WWTP Upgrade: The State of North Carolina is not proposing nutrient limits as part of the basinwide management plan. Therefore, it is possible that we could operate the two existing WWTPs for an additional 10 to 15 years before a new combined WWTP would have to be built. In order to operate the aging facilities for that length of time and maintain compliance, it will be necessary to replace and upgrade existing equipment and consider the construction of additional clarifiers and tertiary treatment such as sand filters.

Impact on Operations in Water/Sewer Fund - These capital improvements will not have an adverse impact of the operating costs of the Water and Sewer Fund. Currently, no additional staffing is proposed due to any CIP project, either for construction or ongoing operation. The proposed improvements are needed for upgrading aging infrastructure, providing services to new areas, equipping the system with backup and meeting mandates from State and federal government.

The City participates in extension projects that have an approximate 10-year payback, based on availability of funds in each budget year. During FY2002-03, the City is budgeting \$500,000 for extension projects. Any costs beyond the estimated payback or availability of funds are required to be paid by the developer.

Debt service requirements for the CIP are calculated in the Water/Sewer rate structure. The City does not anticipate issuing any additional debt during FY2002-03. Utility rates including operations and debt service for residential customers are projected to increase an average of 6.83% in FY2002-03.

CAPITAL IMPROVEMENT PROGRAM (FY 2003-07)

GENERAL FUND SCHEDULE

PROJECT DESCRIPTION (\$ 000's)	PROPOSED FUNDING SOURCE	TOTAL PROJECT COST FY 03-07	FIVE YEAR SCHEDULE (FY)				
			2002-03	2003-04	2004-05	2005-06	2006-07
BUILDINGS AND GROUNDS							
City Office Building	General Fund	\$ 381	\$ -	\$ 301	\$ 46	\$ 17	\$ 17
Police Headquarters	Lease Purchase	1,054	-	1,054	-	-	-
The Plaza	General Fund	158	46	26	27	27	32
HVAC Repairs to Various Facilities	General Fund	157	25	42	30	30	30
Fire Department							
Miscellaneous Improvements	General Fund	383	-	155	127	101	-
Construct new Fire Station	Lease Purchase	1,700	-	-	-	-	1,700
Addition and Equiping Fleet Management Facility	Lease Purchase	339	-	289	50	-	-
Equipment/Materials Storage/ Office Addition - Street Division	General Fund	250	-	50	50	20	130
Facility Improvements- Cemetery Division	General Fund	46	8	18	10	10	-
Hurley Park Improvements	General Fund	24	-	24	-	-	-
PARKS & RECREATION							
Park Improvements	General Fund	550	100	100	100	125	125
Sports Complex Renovations	General Fund	250	-	-	-	-	250
Town Creek Park Development							
Gym	General Obligation	1,500	-	1,500	-	-	-
Pool	Bonds	500	-	500	-	-	-
Park Development		400	-	200	-	200	-
Bankshot Basketball	General Fund	40	-	-	40	-	-
Park Land Acquisition	General Fund	100	-	-	100	-	-
TOTAL GENERAL FUND		\$ 7,451	\$ 179	\$ 3,958	\$ 534	\$ 513	\$ 2,267

CAPITAL IMPROVEMENT PROGRAM (FY 2003-07)

WATER AND SEWER FUND SCHEDULE

PROJECT DESCRIPTION (\$ 000's)	PROPOSED FUNDING SOURCE	TOTAL PROJECT COST FY 03-07	FIVE YEAR SCHEDULE (FY)				
			2002-03	2003-04	2004-05	2005-06	2006-07
WATER IMPROVEMENTS							
Annexation Area	Revenue Bonds	\$ 1,359	\$ -	\$ -	\$ 1,359	\$ -	\$ -
New Intake Facility	Revenue Bonds	10,000	-	-	-	-	10,000
New Pump Station	Revenue Bonds	4,100	-	-	-	-	4,100
Water Storage Tanks	Revenue Bonds	2,600	-	2,600	-	-	-
Water Line Repair	W/S Rates	500	100	100	100	100	100
Water Line Extension	W/S Rates	1,250	250	250	250	250	250
TOTAL WATER IMPROVEMENTS		\$ 19,809	\$ 350	\$ 2,950	\$ 1,709	\$ 350	\$ 14,450
SEWER IMPROVEMENTS							
Annexation Area	Revenue Bonds	\$ 2,704	\$ -	\$ -	\$2,704	\$ -	\$ -
Grant Creek WWTP Upgrade	Revenue Bonds	2,100	-	-	-	1,050	1,050
Town Creek WWTP Upgrade	Revenue Bonds	2,100	-	-	-	1,050	1,050
Sewer Line Repair	W/S Rates	1,000	200	200	200	200	200
Sewer Line Extension	W/S Rates	1,250	250	250	250	250	250
TOTAL SEWER IMPROVEMENTS		\$ 10,054	\$ 450	\$ 1,350	\$ 3,154	\$ 2,550	\$ 2,550
TOTAL WATER/SEWER IMPROVEMENTS		\$ 29,863	\$ 800	\$ 4,300	\$ 4,863	\$ 2,900	\$ 17,000

